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ADEN. 8 Sept.—*The Yemen*. It was learnt that R.A.F. bombers had, after warning on 2 September, destroyed a fort being erected inside British territory in the Western Aden Protectorate, by an armed party from the Yemen. The Yemenis then withdrew.

ALBANIA. 13 Sept.—U.N. report on violations of Greek-Albanian frontier (see *U.N. Balkans Commission*).

Greek threat to invoke Article 51 of U.N. Charter (see *Greece*).

16 Sept.—Greek Prime Minister on right of self-defence against Albania (see *Greece*).

ARAB LEAGUE. 15 Sept.—*Ex-Italian Colonies*. It was learned that Azzam Pasha, the Secretary-General, had received a Note on the former Italian colonies from the Italian Minister in Cairo suggesting that Tripolitania should have complete and immediate independence, and that the future of Cyrenaica and Fezzan should be settled by consultation between the Arabs and the British and the Arabs and the French respectively. Eritrea should be independent, or be placed under U.N. trusteeship, but should not be partitioned between Ethiopia and the Sudan. Somaliland should be under Italian trusteeship.

ARGENTINA. 9 Sept.—*Trade Agreement with Britain*. A British Embassy spokesman, correcting a press report of a statement attributed to the Ambassador, Sir John Balfour, said that Sir John had expressed to the Argentine Foreign Minister his Government's deep concern at Argentina's failure to carry out the recent trade agreement with Britain in respect of the issue of import licences for British goods.

15 Sept.—Arrival and detention of Bolivian rebel leaders (see *Bolivia*).

16 Sept.—The Chamber of Deputies passed a Bill withdrawing gold backing from the peso.

21 Sept.—*Trade Agreement with Britain*. A Note was sent to the British Embassy stating that owing to the devaluation of sterling the price of meat would be raised above that fixed by the agreement.

AUSTRALIA. 8 Sept.—*Immigration*. The Minister for Immigration stated in Parliament that in the two years since the 1947 census nearly 160,000 new permanent settlers had arrived, and by November the population would be 8 million. At least 170,000 more would arrive before 30 June 1950, and if the existing rate of natural increase continued the population should rise by $2\frac{1}{2}$ or 3 per cent annually, reaching 10 million before the end of 1959.

9 Sept.—The Minister for External Territories, referring to a report that Gen. MacArthur's advisers favoured Japanese immigration to Borneo, Celebes, and Dutch New Guinea, said the Government would resist any attempt to bring them into areas adjacent to Australia, especially Dutch New Guinea, and would not tolerate them in areas under its trusteeship.

15 Sept.—*Japan*. Dr Evatt, Minister for External Affairs, replying to a question in Parliament, said that the Government continued to advocate the conclusion of an early peace treaty with Japan.

18 Sept.—*Devaluation.* The pound was devalued from \$3·22 to \$2·24.

AUSTRIA. 9 Sept.—*Elections.* The Executive Committee of the Allied Council decided to inform the Austrian Government that 'electioneering groups may participate freely in the elections in accordance with the Austrian election law of 1949'. (The Council had received an appeal from Dr Figl to guarantee 'free electioneering pursuant to the Austrian federal Constitution and held exclusively in accordance with Austrian laws'.)

15 Sept.—Discussion on treaty by Mr Acheson, Mr Bevin, and M. Schuman (*see United States*).

16 Sept.—Gen. Keyes, the U.S. High Commissioner, stated at a meeting of the Allied Council that over 800 Austrian citizens had been illegally arrested by the Soviet authorities during the past four years.

18 Sept.—Soviet agreement to resumption of treaty talks (*see U.S.S.R.*).

BELGIUM. 8 Sept.—Credit agreement with U.K. (*see Great Britain*).

20 Sept.—Syrian Government recognized (*see Syria*).

A joint meeting of the Senate Commissions for Justice and the Interior approved a Bill providing for a referendum on the question of the King's return.

21 Sept.—*Devaluation.* It was announced that the franc had been developed in line with sterling. The new rates were 50 francs to the dollar instead of 44, and 140 francs to the pound sterling instead of 176. The decision had been taken in agreement with Luxembourg.

BOLIVIA. 15 Sept.—The rebellion collapsed when a counter-revolt occurred in Santa Cruz, the rebel stronghold. Loyal prisoners captured the city and the rebels were reported fleeing towards the Paraguayan frontier. Rebel military aircraft landed at Jujuy and Salta, in northern Argentina, bringing six rebel leaders who were detained by the Argentine authorities.

BRITISH COMMONWEALTH RELATIONS CONFERENCE.

8 Sept.—The fourth unofficial British Commonwealth Relations Conference opened at Bigwin Inn, Ontario.

18 Sept.—The conference ended.

BULGARIA. 9 Sept.—*Yugoslavia.* Marshal Bulganin, Soviet deputy Prime Minister stated in Sofia that anything that weakened the ties of friendship between the democratic countries and the Soviet Union, or deviated from the Lenin-Stalin principles was treason leading to the loss of national independence and the transformation of that country into a colony of imperialists. The tragic fate of the Yugoslav people was an example. Isolated from Russia, Yugoslavia daily developed more and more into a colony of international and, especially, American imperialism.

14 Sept.—Rejection of U.S. Note on violation of peace treaty (*see United States*).

19 Sept.—British and U.S. Notes on treaty violation (*see Great Britain and United States*).

BURMA. 13 Sept.—U Tin, Minister of Finance, told the provisional Parliament that the 1949–50 Budget must be framed on an austerity basis, giving the highest priority to the restoration of law and order. Government expenditure would be reduced to an absolute minimum and new taxation would be introduced. The insurgents had caused extensive destruction, slowing down reconstruction work and contributing to a stagnation of trade, which in turn had resulted in unemployment and rising prices. The danger to the rice supply had been averted and a surplus for export for the following year was now certain. But oil production had decreased enormously and the rehabilitation of the timber industry had been retarded. He reaffirmed the country's policy of welcoming foreign investors and declared that there could be no nationalization for a number of years except in the restricted range of industries already designated by the Government.

It was announced that Government forces had captured Ramree town on Ramree Island, off the Arakan coast. Other Government forces had re-occupied Muse, in the northern Shan States.

15 Sept.—Government troops reoccupied Madeya, about twenty miles north of Mandalay.

19 Sept.—*Devaluation*. It was announced that the value of the rupee had been reduced to 4.76 rupees to the U.S. dollar. The rupee-sterling rate remained unchanged.

CANADA. 11 Sept.—Formation of Anglo-Canadian trade committee (see *Great Britain*).

12 Sept.—Statement on conclusion of financial talks (see *Washington Financial Talks*).

15 Sept.—Authorization to Britain to buy Canadian wheat with E.C.A. funds (see *United States*).

19 Sept.—*Devaluation*. The Finance Minister, Mr Abbott, announced that the Canadian dollar had been devalued by 10 per cent in relation to the U.S. dollar. (Since 1946 the two currencies had been at par.) Sterling was fixed at \$3.07½ for buying, and at \$3.08½ for selling.

CEYLON. 11 Sept.—It was announced that the Earl of Caithness, military adviser to the Government, was to be the first Commander-in-Chief of the new army which would shortly begin taking over the duties of the British army.

18 Sept.—*Devaluation*. The rupee was devalued simultaneously with sterling, continuing its sterling parity of 1s. 6d.

20 Sept.—Parliament passed a Bill separating Ceylon from the Indian rupee.

CHINA. 8 Sept.—Sining, capital of Chinghai province, fell to the Communists.

9 Sept.—Fighting was reported in Szechwan, where the Communists were advancing south from Lanchow and Paochi. One column was reported to have 'liberated' the Buddhist Lamasery of Labrang.

Closing of U.S. Consulate at Hankow (see *United States*).

Hong Kong. The *Amethyst* left for the U.K. British infantry reinforcements arrived, completing the programme planned of four infantry brigades, with artillery, armoured regiments, and naval and air units.

Blockade. The Nationalist Foreign Office replied to a British protest against the detention of the *Edith Moller* at Tanghai, intercepted when trying to enter Shanghai on 23 August. It stated that steps were being taken to release the ship, but said she was intercepted in Chinese territorial waters.

12 *Sept.*—It was announced that the provincial Assembly of Yunnan had been dissolved and that eighteen members suspected of left-wing sympathies had been arrested. Nine newspapers had been suspended and several editors and reporters arrested. The provincial university was being closed down on the grounds of being a centre of subversive activities. These measures were reported to have been taken as a result of the recent talks between Gen. Lu Han, Governor of the province, and Gen. Chiang Kai-shek. In return Gen. Chiang was believed to have agreed not to send any Nationalist reinforcements to Yunnan for the time being.

The Communist press in Shanghai described operations against 'Nationalist guerrillas' along the Hupeh-Hunan-Anhwei border.

Nationalist planes raided Shanghai, according to Government reports.

Blockade. A spokesman of the Royal Navy in Hong Kong said that a protest was being made to the Nationalist authorities about the recent seizure of the British coaster *Leongbee* when returning to Hong Kong after running the blockade into Shanghai. He also said: 'We do not recognize that any rights exist for the Chinese to seize a British ship either inside or outside territorial waters.'

15 *Sept.*—A Nationalist broadcast said that a big fire, caused by arson, had broken out in Hualungchiao, a suburb of Chungking. It was the third of recent outbreaks.

Blockade. A Nationalist warship was reported to have intercepted and sunk a 140 ton motor vessel and five cargo junks which were trying to run the blockade into Shanghai.

Units of the Communist 28th Army, in an amphibious operation, captured the island of Pingtan, forty-five miles south-east of Foochow and about 100 miles west of the northern tip of Formosa.

16 *Sept.*—*Blockade.* The British naval authorities in Tamsui, Formosa, were informed that the *Edith Moller* had been released.

Communist troops occupied Wuwei, near the Sinkiang border on the main Tihwa (Urumchi)-Lanchow highway.

18 *Sept.*—It was learned that the Communists had occupied several small islands off the coast of Fukien province.

Reports current in Canton said that the Nationalist headquarters in Tihwa, in Sinkiang province, had been withdrawn to the oasis of Hami.

19 *Sept.*—*Hong Kong.* Gen. Yang Chieh, the former Ambassador to Moscow, was assassinated by gunmen, believed to have been Kuomintang agents.

CHINA (*continued*)

20 *Sept.*—The *Chang Chih*, the flagship of the Nationalist squadron based in the Chusan islands, surrendered to the Communists. Mutineers were reported to have taken the vessel to Woosung.

A Peking broadcast said that Gen. Tung Chi-wu, the governor of Suiyuan province, had gone over to the Communists. He and thirty-eight other provincial leaders had addressed a manifesto of loyalty to Mao Tse-tung and Chu Teh.

21 *Sept.*—Mao Tse-tung proclaimed the establishment of the 'People's Republic of China' at the opening session of the 'Chinese People's Political Consultative Conference' in Peking. A broadcast heard in San Francisco quoted him as saying: 'We must unite with all countries loving peace and freedom—first of all the Soviet Union and the new democracies.'

The Communist New China news agency reported that the Nationalist deputy Commander-in-Chief in Sinkiang and two Mohammedan generals had surrendered to the Communists in West Kansu.

COUNCIL OF EUROPE. 8 *Sept.*—The Assembly adopted, by 65 votes to 1, with 17 abstentions, a proposed convention for the collective guarantee of human rights. It provided for the setting up of a European court of justice to hear alleged breaches of a charter of human rights.

9 *Sept.*—The Assembly ended its session. M. Spaak, the president, said it could not be criticized for deciding that more study was needed of the difficult problems involved in changing the political structure of Europe. It would be a mistake to suppose that Europe could be organized according to a preconceived paper plan. The organization would emerge by degrees on the basis of facts. The Assembly's economic resolutions were not precise or energetic enough. They presented good and wise desiderata, but what was wanted was the political force to put them into effect. It was a question of sacrificing something of to-day's interests for long-term and permanent advantages—a thing very difficult to do, but which would have to be done or the renovation of Europe would not be achieved.

CONFERENCE ON PALESTINE. 10 *Sept.*—The members of the economic survey group set up by the Conciliation Commission left Switzerland for the Middle East.

12 *Sept.*—The Conciliation Commission announced that it had decided to adjourn the Lausanne talks and to reconvene in New York in October. Meanwhile the Commission's Headquarters and Secretariat would move to Jerusalem. The Arab and Israeli delegations were requested, at separate farewell meetings, to modify their territorial demands.

CZECHOSLOVAKIA. 8 *Sept.*—A Church spokesman in Prague announced that 70 per cent of the Roman Catholic priests in the country had signed a letter protesting against the Government's

declared intention of introducing a Bill to vest complete control of all the Churches in the State. The letter said the whole clergy did not accept the law dealing with the reimbursement of personal and material expenses of the Churches and religious bodies on the ground that it would 'better the social position of the clergy at the cost of freedom, and is to bring the spiritual duty of the Church into complete dependence on political agents and interests'. They declared they would accept Church office only from the hands of a freely deciding Church dignitary. The law also threatened destructive sanctions against the Church and was also anti-social and unfair, and therefore it was necessary in all circumstances to reject it.

9 Sept.—A Church spokesman stated that lay teachers of religion had decided that any one of them accepting an appointment without Church approval would be liable to Church punishments. They had advised Roman Catholic parents to withdraw their children's names from registers for religious instruction if the State authorities appointed teachers who did not have Church approval.

It was learnt authoritatively that the Government had refused to grant a *visa* to enter the country to Mgr Bertoli, whom the Holy See had appointed to succeed Mgr Verolino as Chargé d'Affaires at the Nunciature of Prague.

10 Sept.—Archbishop Beran wrote to the Ministry of Education accusing the Government of breaking the law by usurping certain Church functions.

12 Sept.—The Catholic bishops issued the text of a 'peace plan' drawn up at an illegal meeting at Trnava on 14 August and sent to the Government, in which they declared their willingness to swear loyalty to the State on the terms of the existing arrangement with the Vatican, provided the Government stopped attacking the Church, guaranteed religious freedom, and recognized Papal authority in Church affairs.

14 Sept.—A decree was published, dated 31 July, giving local authorities power to supervise Church affairs, to preserve freedom of religion, and to prevent any 'misuse of religion against the people's democratic régime'.

Catholic sources in Prague reported further arrests of priests, including some former members of the war-time resistance movement.

15 Sept.—The Communist Party's organ *Funkcionar* published a statement that any priest who 'within the party actively proclaims and propagates his religious opinions' should immediately be expelled from the party. They were entitled to work in the party provided their religious and political views did not clash.

16 Sept.—*Minorities*. It was announced that the voluntary exchange of Magyars in Slovakia for Slovaks in Hungary had been completed, and that the minorities remaining in the two countries had been granted full cultural rights, including their own schools.

19 Sept.—The Prague State Court announced that T. Funk, secretary of Archbishop Matocha of Olomouc, had been sentenced to ten years imprisonment for high treason on behalf of the Vatican—a 'foreign hostile Power'. He had pleaded guilty to distributing illegal leaflets,

CZECHOSLOVAKIA (*continued*)

20 Sept.—*Communist Party Purge.* The Communist Party announced that all current membership cards, from officers down, would be called in, and that new cards would be issued only to those who attended special study courses to be held at least twice monthly from 1 November until June 1950. 'Honours graduates' would qualify for party offices.

A Communist named Valicek was believed to have been murdered in the Valassky Mezerice district of Moravia, following his alleged co-operation with the police in arresting a local priest.

Church sources in Prague issued a report on the recent arrests of 'some hundreds' of priests.

21 Sept.—Mr Zapotocky, Prime Minister, told the Trade Union Council that absenteeism among workers in the current year was 37 per cent higher than in 1947.

DENMARK. 13 Sept.—The Foreign Ministers of Denmark, Norway, Sweden, and Iceland ended a two-day meeting in Copenhagen. A statement was issued emphasizing their agreement on a number of points on the agenda of the U.N. General Assembly. Their mutual interest in the solution of the problem of the German refugees in south Schleswig was also affirmed.

18 Sept.—*Devaluation.* The kroner was devalued from Kr. 4·79901 to Kr. 6·90714 to the dollar.

EGYPT. 18 Sept.—*Devaluation.* The Government announced the devaluation of the Egyptian pound from \$4·13 to \$2·871.

EIRE. 18 Sept.—*Devaluation.* The Government announced that the Irish pound would remain at parity with sterling (devalued from \$4·03 to \$2·80 to the pound).

FINLAND. 8 Sept.—*Strikes.* The Prime Minister stated in Parliament that the object of the organizers of the strikes had been to paralyse the country, force Parliament to its knees, and the Cabinet to resign, and then take over the Government. The loyalty of democratic workers and the calmness of the public had frustrated their plans. The strikers had lost 500 million marks in wages and many had lost their jobs. The loss to Finland's economy was 3,000 million marks.

19 Sept.—*Devaluation.* The Finmark followed sterling and was devalued in relation to the U.S. dollar—the new exchange rate being 231 (instead of 160) Finmarks to the dollar.

FRANCE. 9 Sept.—*Progress Report.* A report on the anniversary of M. Queuille's assumption of office showed material increase in the production of steel, coal, and agriculture, and stated that imports were now covered by exports to the extent of 62 per cent, as against 49 per cent a year earlier. Marshall aid accounted for about one-third of total imports. Prices had been stabilized during 1949, and food prices had fallen.

The Prime Minister, in a press interview, said that little by little France had thrown off the fears which lay upon her when he took office, and he was sure the orders of the Communist Party were now less and less followed by French workers.

15 Sept.—U.S. announcement that decisions reached at Washington Talks would apply to France. Also Mr Schuman's economic and political discussions at the State Department (*see United States.*)

19 Sept.—*Devaluation.* The Government agreed to alter the exchange rate of the franc to about 350 francs to the dollar. It was also decided to submit to the International Monetary Fund a proposal that commercial operations in free currencies should be carried out henceforth at the market rates.

20 Sept.—Syrian Government recognized (*see Syria*).

GERMANY. 8 Sept.—*Western Germany.* Gen. Robertson, addressing the Congress of the German trade union federation at Hanover, said that he had never resented that German leaders should criticize dismantling and try to save for Germany as much as possible of her resources, but he did not believe that the dismantling programme was a serious blow to the economy or that it caused unemployment except locally and temporarily. He deplored, however, the accusations of competitive interests and bad faith on the part of the allies, and especially of the British Government. They were not true and caused great resentment and awakened suspicions of a revival of German 'nationalism'. That was not the way to get the policy altered; just the reverse.

Germany's need of political support and sympathy from other countries was even more important than financial aid. He was sure that the responsible leaders of political opinion did not wish to see a rebirth of xenophobia in Germany, and he hoped that now the elections were over more care would be taken to avoid causing alarm and offence abroad, and 'indeed, an occasional hint of recognition of what other Powers have done for Germany since the war might not be entirely out of place.'

In recent weeks a certain number of wild men had reappeared, who tried, not entirely without success, to gain popular support by reviving old slogans and crazy ambitions. He hoped the new Government and those of the *Länder* would take care of them. It was much better that they, and not the allies, should do what was necessary in that respect.

Die Welt, published in Hamburg under British auspices, printed a report that the Government of Rhineland Palatinate (French Zone) had asked the French High Commissioner to allow German transport a right of way through the Saar.

9 Sept.—*Western Germany.* A press conference was held in Frankfurt attended by nine members of the judiciary committee of the U.S. House of Representatives who were in Germany to study the refugee problem, i.e. of Germans in western Germany who had left or been expelled from areas lost owing to the war.

10 Sept.—*Berlin.* The three western Commandants sent a letter to Gen. Kvashnin, the Soviet transport chief, protesting against the failure

GERMANY (*continued*)

of the Reichsbahn to implement the agreement of 31 May (on the basis of which the railway strike had later been ended). Nearly 2,000 railwaymen had been dismissed, and the undertaking to pay in west marks a minimum of 60 per cent, and more if receipts justified it, of the wages of the railwaymen living in the western Sectors had not been honoured.

11 *Sept.—Eastern Frontier.* Herr Pieck, chairman of the Socialist Unity Party, emphasized the party's acceptance of the Oder-Neisse line at a demonstration in the Soviet Sector of Berlin.

12 *Sept.—Berlin.* At a meeting of the four Commandants it was agreed that German technicians from east and west Berlin should be brought together to iron out difficulties in the city's public utilities. The western Commandants referred again to the violation of the railway strike agreement. They also complained that east Berlin railway police had arrested 'several hundred' west Berliners and had taken them to the Soviet Sector for trial.

The E.C.A. office in Frankfurt announced that a loan of 44 million western marks from the counterpart fund had been approved for completing the rebuilding of the electric power station in western Berlin. The Reconstruction Loan Corporation was to lend a further 11 million western marks.

Western Germany. Professor Heuss, chairman of the Free Democratic Party, was elected President of the new Republic. After taking the oath he addressed the Assembly on the main tasks ahead: To bring about the unity of the whole nation, to regain independence within the framework of European unity, and to create a new national outlook divorced from centralism.

13 *Sept.—Western Germany.* The three High Commissioners-designate called on President Heuss to offer the congratulations of their Governments.

15 *Sept.—Western Germany.* Dr Adenauer, the Christian Democratic leader, was elected Chancellor of the Republic by the *Bundestag*, gaining 202 votes out of the full membership of 402. There were 142 'No' slips, 44 abstentions, 1 invalid vote, and 13 members were absent.

The House voted almost unanimously in favour of asserting the right of Parliamentary immunity.

President Heuss received a telegram of congratulations from President Truman.

Political Refugees. Joseph Reimann, the son of Max Reimann, the west German Communist leader, was flown from Berlin to the British Zone as a political refugee from the Soviet Zone, where he had been serving in the people's police, on his father's advice, since his return from a prisoner of war camp in the U.S.S.R. He told British officials that during his training he had become aware of the true nature of the Soviet Zone police and had determined to escape, in order to live as a free man again. The British authorities reported that desertions from the eastern Zone police force were increasing. During July seventy members had sought asylum in the British Zone and in August over 100.

16 *Sept.—Western Germany.* Lord Henderson, the British Under-

Secretary of State, who had been touring the Ruhr where he had met political and trade union leaders, arrived in Bonn. After congratulating President Heuss on his appointment he called on Dr Adenauer and conveyed to him a message of good will from Mr Attlee. He later met Dr Schumacher.

The representatives of the three western Powers decided to authorize the Federal Government to send its own delegation to the I.L.O. conference in October.

Berlin. Three British soldiers who had been imprisoned in the Soviet Sector since March 1948 escaped and returned to the British Sector. A U.S. soldier, detained since November 1948, also escaped. The men complained of brutal treatment and were in poor physical condition. The British Commandant made representations to the Soviet authorities about a fourth British soldier who was believed to have been held by the Russians since November 1948. A British statement said that three official protests had been lodged with the Soviet authorities since the arrest of the three men who had now escaped, two of whom were alleged by the Russians to have taken part in 'illegal activities' in the Soviet Sector.

17 Sept.—*Western Germany.* It was announced that Bonn was to be an enclave, outside any zone of occupation.

18 Sept.—*Soviet Zone.* A statement was published by the official Soviet News Bureau denying reports in the western press that the German police force had any other tasks than the maintenance of public order, and that it had any heavy weapons, tanks, or field guns.

19 Sept.—*Berlin.* It was learned that Gen. Hays, the U.S. deputy Military Governor, had protested to Gen. Dratvin, the Soviet deputy Chief of Staff, protesting against the 'brutal' treatment of the American soldier who had escaped from a prison in the Soviet Sector on 16 September.

20 Sept.—*Western Germany.* The composition of the Government was announced as follows: Chancellor, Dr Adenauer (C.D.U.); Vice-Chancellor and Minister for E.R.P., Herr Blücher (F.D.P.); Economic Affairs, Professor Ludwig Erhard (C.D.U.); Finance, Dr Schäffer (C.S.U.); Interior, Dr Heinemann (C.D.U.); Labour, Herr Storch (C.D.U.); Justice, Dr Dehler (F.D.P.); Housing, Herr Wildermuth (F.D.P.); Food and Agriculture, Dr Nicklas (C.D.U.); All-German Questions, Herr Jakob Kaiser (C.D.U.); Refugees, Dr Lukaschek (C.D.U.); Transport, Dr Seehoß (German Party); Posts and Telegraphs, Dr Schubert (C.S.U.); Without Portfolio, Herr Hellwege (German Party).

Herr Adenauer, outlining his programme to the Lower House, said that the Government would continue the economic policy laid down at Frankfurt. One of the most pressing economic problems was the provision of housing for the refugees, who must be distributed more evenly throughout the eleven *Länder*. The German currency must be brought into line with world currencies and the mark would probably have to be devalued in relation to the dollar. Other questions facing the Government were dismantling, the safeguarding of the middle class,

GERMANY (*continued*)

the development of agriculture, the encouragement of saving and the creation of capital, lower taxation, and the reduction of occupation costs. The cost of helping to maintain Berlin was a great burden—1,110 million marks in the past fifteen months—but 'we shall on no account leave Berlin in the lurch'. On denazification he said that those guilty of real crimes must be punished, but there should no longer be a differentiation between those free of political reproach, and those not free. Any resurgence of extremist elements would be resolutely dealt with, but he thought that fears expressed on this score had been exaggerated. After referring to the question of unreturned prisoners of war in Russia—estimated at between 1½ and 2 millions—he went on to the question of the eastern frontier. The Government could never accept the Oder-Neisse line, laid down at Potsdam as a temporary boundary until the conclusion of a German peace treaty, and they would never cease 'in a proper and legal way' to press their claim to the severed territory. They wished to live at peace with their eastern neighbours, particularly Russia and Poland, but these Powers must give them and their compatriots in the eastern Zone and Berlin the right to live in freedom. Germany belonged to the western world. She wanted good relations with all countries, and the old antagonism between her and France must be banished for ever. All Germans hoped that they would soon be accepted into the European Union. He ended with a tribute to the United States for the help given to Germany in her direst need.

21 Sept.—*Western Germany*. Military Government ended and was formally superseded by the Allied High Commission at a ceremony at Bonn, attended by the three High Commissioners and Dr Adenauer, with a number of his Ministers. The High Commissioners later signed the declaration of the entry into force of the Occupation Statute and the text of six laws. One of these established the freedom of the press from Allied control.

GREAT BRITAIN. 8 Sept.—*Credit Agreement*. An agreement was concluded with Belgium under which the Belgian Government opened a credit in Belgian francs in favour of the U.K. Government of the equivalent of U.S. \$28 million. Interest was at 2½ per cent, and repayment to be in fifty equal half-yearly instalments beginning in July 1956.

9 Sept.—*Malta*. 'Ultimatum' to Britain published (*see Malta*).

Sir Stafford Cripps's speech on financial talks (*see Washington Financial Talks*).

11 Sept.—The formation of an Anglo-Canadian trade committee, without executive functions, was announced.

12 Sept.—Statement on conclusion of financial talks (*see Washington Financial Talks*).

13 Sept.—Meeting between Mr Bevin and Mr Acheson on Far East and Middle East questions (*see United States*).

14 Sept.—Mr Bevin's discussions with Mr Acheson on developments in Europe (*see United States*).

E.R.P. Mr Kenney, the new Marshall Plan administrator in Britain, arrived in London from Washington.

15 Sept.—Authorization to buy Canadian wheat with E.C.A. funds. Also Mr Bevin's discussions on Austria and the Balkans with Mr Acheson and M. Schuman (*see United States*).

16 Sept.—Proclamation on self-government in Cyrenaica (*see Libya*).

Foreign Trade. Mr Wilson, President of the Board of Trade, speaking at Oxford, said that Britain's trade objective was an ultimate world multilateral system. Steps had already been taken to liberalize trade, and increasing emphasis was being placed on the opening up of markets. Import restrictions must be removed and if this could be achieved the need for bilateral trade arrangements would be reduced. He denied that any of the existing arrangements with other countries were on a barter basis.

Lord Henderson in Bonn (*see Germany*).

E.R.P. The fourth report on the operation of Marshall aid in Britain was published as a White Paper (Cmd 7776).

17 Sept.—Sir Stafford Cripps returned to London.

18 Sept.—*Devaluation.* Sir Stafford Cripps announced in a broadcast that the Government had decided to reduce the dollar exchange value of the pound from \$4.03 to \$2.80. The new rate would come into force immediately. The only other parts of the world directly covered by the decision would be the Colonies. All the Commonwealth countries had been consulted and would separately announce any action they proposed to take. The decision to devalue sterling had been taken before he and Mr Bevin left for Washington, and on their arrival there they had immediately communicated it to their U.S. and Canadian colleagues. The actual rate of exchange had only been decided in the past few days. The International Monetary Fund had been consulted and had approved the decision.

After recapitulating the main trends of the sterling-dollar problem he explained why it had been necessary to take this step—contrary to his statement on behalf of the Government in July (*see pp.* 438–9). One reason was the flight from sterling, which had taken place following the decrease in U.K. gold and dollar reserves the preceding spring, and the subsequent lack of confidence in sterling. A more important reason, however, was the need to increase the power to earn dollars—this could be the only permanent solution of the United Kingdom's difficulties. Merely to cut down spending and do nothing to increase earnings would be a policy of desperation and one which could not be adopted. By 1952, when Marshall aid ended, the country must stand on its own feet in the matter of dollars and must be in a position to prevent a lowering of standards of living and widespread unemployment. So far, by dint of a hard and difficult struggle, full-scale employment had been maintained since the war. In order that this should not be jeopardized conditions must be created in which the sterling area was not prevented from earning dollars. This change in the exchange rate was one of those conditions. Much had been done to encourage industry to earn more dollars, and at the same time to increase pro-

GREAT BRITAIN (*continued*)

ductivity so that costs and prices could be reduced. And in 1948 these efforts had met with much success. But recently this tendency had been reversed and it had become clear that without a marked reduction in the dollar price of exports and an increase in sales pressure, there was a serious risk that dollar earnings would not be high enough to maintain the flow of essential imports. Productivity had improved, but not quickly enough, and the only way to effect an immediate fall in export prices was by changing the dollar rate of exchange.

Devaluation would not alter the internal value of the pound. Prices would only be effected respecting goods imported from North America. The most important of these was flour. As he had announced in his Budget speech, the Government could not afford to raise the subsidies on food, and the prices of bread and flour would therefore have to be increased within fourteen days. Apart from this there should be no noticeable increase in other retail prices—at any rate for the time being. There was therefore no reason for any increase in personal incomes, from whatever source. It was absolutely essential that nothing should be done which might raise the cost of production, and he appealed to manufacturers and exporters to redouble their efforts. The step which he had announced was 'the most serious that the Government could possibly take, and we are taking it because our present sterling-dollar difficulties are, we believe, otherwise insoluble'. This step, the only alternative to heavy unemployment and an attack on the social services, would be supplemented by those agreed in Washington.

The Treasury announced that the official price of gold would be adjusted to the new rate.

Allegations of British espionage in Yugoslavia and Hungary, and British plans for Balkans' federation (*see Hungary*).

19 Sept.—*Sterling-dollar Balance*. Sir Stafford Cripps told a press conference that the importance of the Washington talks was the recognition that the sterling-dollar problem was a joint one, requiring joint action. The greatest contribution was the arrangement for continuing consultation. At the end of the war the complexity of the problem had not been fully realized and 'we have been trying to deal with it by a series of temporary expedients, which have led to a series of crises as each expedient has been exhausted'. It had now been realized that this was not enough. He also said that the Government must economize. Administrative expenditure would be reduced and capital investment was likely to be cut down. But there would be no cut in defence or social service expenditure.

Balkans Peace Treaties. Notes were sent to the Governments of Bulgaria, Hungary, and Rumania protesting against their continued failure to comply with the provisions of the peace treaties.

20 Sept.—*Syrian Government* recognized (*see Syria*).

21 Sept.—*Norway*. The Defence Ministers of the three services received Gen. Berg, Chief of the Norwegian Defence Staff, who was visiting the country as the guest of the Government, accompanied by military advisers.

GREECE. 13 Sept.—*Albania*. A member of the Greek delegation to the U.N. General Assembly stated in Athens that Article 51 of the U.N. Charter—the self-defence clause—would be invoked to cross the Albanian frontier, if the guerrillas continued to launch attacks from that country.

14 Sept.—King Paul broadcast an appeal to the nation on behalf of the 700,000 refugees rendered homeless by the rebellion, who represented one-tenth of the population. The problem must be faced not only by the State but by each member of the community. The successes of the armed forces had enabled the refugees to return to their villages, but 7,000 of these villages were in ruins. The refugees, who were among the most healthy and productive section of the nation must be helped to start life afresh, both for their own benefit and for that of national recovery.

15 Sept.—The Government announced that all death sentences for treason passed by military courts would be suspended and reviewed by a council of pardons.

16 Sept.—*Albania*. Mr Diomedes, Prime Minister, stated that there was no need for peace-loving Powers to be uneasy about Greece's attitude towards Albania. Greece had no unfriendly intentions towards anyone. 'If, however, she herself is threatened she will certainly use the elementary right of self-defence—a right . . . duly recognized by the U.N. Charter'.

20 Sept.—*Devaluation*. The drachma was devalued to 15,000 to the dollar and 42,000 to the pound sterling, from 10,000 and 32,000 respectively.

HUNGARY. 10 Sept.—Mr Rajk, formerly Minister of the Interior and then Foreign Minister, and seven other high officials including Gen. Palfy, formerly Chief-of-Staff of the Army, and Mr Brankov, formerly Yugoslav Chargé d'Affaires in Budapest, were accused of conspiracy against the Government with Yugoslav help, in the indictment which was published. They were also accused of war crimes and espionage on behalf of Yugoslavia and the western Powers.

11 Sept.—A Government decree was issued abolishing the compulsory teaching of religion in State schools, but undertaking to pay teachers for those children whose parents voluntarily applied.

14 Sept.—It was learned that a pastoral letter from the Catholic Bench of Bishops—the first since the sentencing of Cardinal Mindszenty—had been read in the Catholic Churches, reminding parents of the importance of religious education for their children, and exhorting them to confess their loyalty to the Church.

Rejection of U.S. Note on violation of peace treaty (*see United States*).

15 Sept.—Yugoslav condemnation of Rajk trial (*see Yugoslavia*).

16 Sept.—*Rajk Trial*. At the opening of the trial Mr Rajk pleaded guilty. He outlined a career of espionage beginning in 1932, when, as a Communist youth, he had been arrested by the Horthy police and released on condition that he would act as an agent for them. From then

HUNGARY (*continued*)

onwards he had posed as a Communist. His activities had taken him to Czechoslovakia, and then to Spain where, during the Civil War, he had worked against the Hungarian battalion of the International Brigade. After Gen. Franco's victory he was interned in France where he had met several prominent Yugoslav Communists. At the outbreak of war he had returned to Hungary, with the help of an American agent and of the Gestapo, where he had continued his anti-Communist espionage. After the liberation he had been approached by Col. Kovacs, of the U.S. Military mission in Budapest, and had agreed to work for the Americans by organizing a movement within the Communist party against Mr Rakosi. In 1945 he met Brankov, then Yugoslav Chargé d'Affaires, who revealed himself as chief of a spy ring working for Gen. Tito. In 1947, when on holiday at Abbazia in Yugoslavia, he met Gen. Rankovich, Yugoslav Minister of the Interior, and agreed to work for Marshal Tito who, he concluded, must be connected with the Americans. After a further meeting on the Yugoslav-Hungarian frontier, at which Gen. Rankovich had revealed a plot to overthrow the 'peoples democracies' and to set up a federation of bourgeois democracies relying on America, he had contacted Mr Chapin, the U.S. Minister in Budapest who admitted his knowledge of the plans. In October 1948 Gen. Rankovich informed him at a meeting near Budapest of Marshal Tito's plans for armed intervention against the U.S.S.R. The plot had failed because the Communist Party was strong and united. Denial of complicity by Mr Chapin and Col. Kovacs (*see United States*).

Exchange of minorities with Czechoslovakia (*see Czechoslovakia*).

17 Sept.—*Rajk Trial*. The second defendant, Gen. Palfy, who pleaded guilty said that he had planned with Rajk to carry out the *coup d'état* against the Government in May or June. Extensive plans had been made and he had ordered three mobilizations of the army to test the plan.

Gen. Brankov pleaded 'guilty in part'. He said that Marshal Tito's 'betrayal' had begun in 1943 when the Anglo-American missions were allowed into Yugoslavia. These liaison officers were fomenting a plan, conceived by Mr Churchill, to gain power in the Balkans at the expense of the U.S.S.R., by making Yugoslavia a capitalist State at the head of a Balkan federation. Marshal Tito had been affected and many eminent Yugoslavs, including Kardelj, Djilas, and Rankovich. After the war the Yugoslav military mission in Budapest, of which he was a member, had carried out extensive espionage work on behalf of the British and Americans. In 1948 he had been ordered by Marshal Tito to pretend that he supported the Cominform, and though he did not like the job he had finally obeyed. He had gradually become convinced that Tito was wrong and was about to confess everything to the Hungarian Communist Party when he was arrested.

19 Sept.—*Rajk Trial*. The remaining defendants, Mr Szonyi, head of the Communist cadres, Mr Szalai, his deputy, Major Korondy, Mr Ogyenovics, and Mr Justus all pleaded 'guilty', and declared they had been working for the Yugoslav Government. Szonyi, Szalai, and Justus

said they had been agents of the western Powers or of the Horthy police before the war.

British and U.S. Notes on treaty violation (*see Great Britain and United States*).

21 Sept.—*Rajk Trial*. The Public Prosecutor repeated the allegations of collaboration between the Anglo-American Intelligence Services and agents of Marshal Tito, and demanded the death sentence on all the eight accused.

ICELAND. 13 Sept.—Meeting of northern Foreign Ministers (*see Denmark*).

19 Sept.—*Devaluation*. It was learned that the Government had decided that the krona should follow the sterling exchange rate. The value of the dollar would be increased from 6.50½ kroner to 9.365 kroner, while the pound remained at 26.22 kroner.

INDIA. 10 Sept.—*Kashmir*. The main committee of the All-India Hindu Mahasabha, meeting in Delhi, criticized the Attlee-Truman 'intervention' in the Kashmir dispute and expressed the view that there was no necessity or justification for holding a plebiscite in a State that had acceded to the Indian Union.

14 Sept.—The Constituent Assembly adopted a resolution favouring the retention of English as the official language, to be replaced by Hindi in Devanagiri script within fifteen years.

15 Sept.—Reply to Mr Truman's letter on Kashmir (*see United States*).

16 Sept.—The Government announced a series of import restrictions to correct the adverse foreign exchange position. Imports from dollar areas would be confined to essential machinery and essential raw materials. There would be no licences for luxury and non-essential goods, even from soft-currency areas. Imports from Belgium, Argentina, and Paraguay—all hard-currency areas—would also be restricted to essentials.

17 Sept.—*Kashmir*. Pandit Nehru, speaking at Ferozepore, in East Punjab, declared that the Government had rejected the U.N. Commission's proposal for arbitration because it appeared to conceal Pakistan's act of aggression. There were many issues between India and Pakistan besides Kashmir that awaited solution, and India was always ready for a friendly settlement, but she was not prepared to submit to intimidation.

18 Sept.—*Devaluation*. The rupee was devalued in relation to the U.S. dollar dropping from 30.225 cents to 21 cents.

INDONESIA. 13 Sept.—Dutch Army casualties since the 'end' of hostilities with the Republic were shown to be: Java, eighteen killed, fifty-two wounded, two missing; Sumatra, one killed, five wounded; South Borneo, two killed, four wounded. The general strike in Banjarmasin continued.

INTERNATIONAL AIR TRANSPORT ASSOCIATION. 12 Sept.—The thirtieth annual meeting of the I.A.T.A. opened at The Hague.

INTERNATIONAL TRANSPORT WORKERS' FEDERATION. 12 Sept.—A conference of delegates of fifteen Latin-American States and the U.S.A. opened at Havana.

IRAQ. 21 Sept.—*Devaluation*. The dinar was devalued in line with the pound sterling to a rate of \$2·80 as against \$4·03 previously.

ITALY. 12 Sept.—The General Confederation of Labour declared its support for a seaman's strike which had held up shipping for the past four days.

14 Sept.—Count Sforza in the U.S.A. (*see United States*).

Strikes. The shipowners issued a statement declaring that they were ready to lay up their ships rather than submit to the arbitrary methods of the strikers. Signor Saragat, Minister of Mercantile Marine, stated that if the strike continued he would be compelled to support the shipowners.

15 Sept.—Note to Azzam Pasha on former colonies (*see Arab League*).

16 Sept.—*Rumania*. The Government and the Rumanian Government decided to close their consulates in each country.

20 Sept.—*Atlantic Pact*. The Government received a Soviet Note protesting against Italian membership of the defence committees established under the North Atlantic Treaty.

21 Sept.—It was learned that six people had been arrested in Rome for distributing propaganda boosting Mussolini and the Fascist régime.

JAPAN. 8 Sept.—*Korea*. The Department of Justice issued an order dissolving the League of Koreans in Japan and three other Korean organizations, on the ground that they contained terrorists whose activities impeded the democratisation of Japan. It also banned four Japanese terroristic bodies. (About half the Koreans in Japan were believed to belong to the League, which was led by Communists).

9 Sept.—*Immigration*. Statement by Australian Minister (*see Australia*).

10 Sept.—Mr Vorhees, U.S. Under-Secretary of the Army, who was visiting Tokyo, told a press conference that the army would continue to give a very large measure of autonomy to Gen. MacArthur whose 'historic work' in post-war Japan he much appreciated. He also said that U.S. aid to Japan and the Ryukyu Islands totalled \$1,900 million and would gradually be reduced. Whether or not a peace treaty were signed some supervision would have to be exercised over Japan as long as she continued to receive U.S. aid.

14 Sept.—Mr Acheson on new Anglo-U.S. approach to peace treaty (*see United States*).

15 Sept.—Dr Evatt on peace treaty (*see Australia*).

KASHMIR. 11 *Sept.*—The U.N. Commission's arbitration proposals for the implementation of the truce which were published provided that Admiral Nimitz, the U.S. war-time naval commander in the Pacific, should act as arbitrator and that his decisions should be considered as binding.

KOREA. 8 *Sept.*—*U.N. Commission report.* The Korean Commission's fear of civil war (*see U.N. Korean Commission*).

Dissolution of League of Koreans in Japan (*see Japan*).

LEBANON. 21 *Sept.*—President Beshara al-Khoury was sworn in on the termination of his first mandate. (He had been re-elected in May 1948).

LIBYA. 16 *Sept.*—*Cyrenaica.* Mr de Candole, the Chief Administrator, issued a proclamation empowering the Emir Idris el Senussi to enact a Constitution, and defining its limits and the powers reserved to the Chief Administrator who would henceforward be known as the British Resident. The Cyrenaican Government would exercise power over all internal affairs, though on certain legal and financial matters the British authorities would be entitled to give advice and to have it accepted. The reserved fields in which the British Resident might legislate by ordinance included external affairs, defence (including public order if the local authorities were unable to maintain it), and, pending the settlement of the future of the Italian colonies, matters relating to Italian property. British legal and financial advisers would be appointed by the Emir with the approval of the British Resident. The Constitution might not be suspended or amended without the approval of the British Resident, who, until full independence was achieved, reserved full power to revoke, alter, or amend the proclamation.

18 *Sept.*—*Cyrenaica.* The Emir Idris el Senussi enacted a Constitution. He thereupon took the oath and confirmed the Ministers-designate in their appointments. A further British proclamation was then issued providing for the entry into force of the Constitution.

MALAYA. 11 *Sept.*—A gang of 300 bandits attacked the railway town of Kuala Krau in Pahang and derailed an armoured train sent to investigate the raid. Eight bandits, four policemen, and two European railway engineers were killed. In the Segamat district of Johore four bandits were killed by Gurkha troops.

13 *Sept.*—It was officially announced in Kuala Lumpur that six major operations were proceeding against the bandits.

16 *Sept.*—Mr Gray, the Commissioner of Police, announced in Kuala Lumpur that a special frontier force of 500 men had been formed to control the border with Siam.

It was announced in Kuala Lumpur that the security forces had accounted for 1,500 bandits. Casualties in August were: forty-eight bandits killed, twenty-four wounded; twenty-three civilians murdered, eleven wounded, five missing; twelve police killed, thirty-six wounded.

18 *Sept.*—The communities liaison committee, an influential body

MALAYA (*continued*)

representing all the main races in the country, published a statement saying that the aim of the Federation should be the attainment of self-government with sovereign status, and the creation therein of Malayan nationality. As a first step legislation should be introduced for the election of members to the legislatures.

21 *Sept.*—The Perak police killed the Chinese second-in-command of a bandit gang in the Kampar area, and arrested two members of the Kepayang gang.

MALTA. 9 *Sept.*—*Great Britain.* Dr Boffa made a statement in Parliament in which he said that Dr Mintoff's original draft statement to the Colonial Office proposed that a referendum be held on whether Malta should continue her allegiance to Britain or throw in her lot with the U.S.A. or any other major Power wishing in return to use Malta as a base. The actual statement, after amendment by the Cabinet, was published, declared that the British Government must realize the impossibility of the Maltese people solving their overwhelming economic difficulties with their own unaided resources. After careful consideration the Cabinet had decided that 'should the British Government decision on Malta's claim for direct participation in Marshall aid (a question first raised in September 1948) be postponed to a later date than 22 August 1949, or should an inadequate reply be given by that date to Malta's just representations, the Government of Malta will lay the whole dispute before the people, who will be asked to state in a national referendum whether, in the changed circumstances, they wish to submit Malta's case to the United States with a view to Malta receiving Marshall aid and as *quid pro quo* the United States making use of Malta as a base'.

16 *Sept.*—Sir Gerald Creasy was sworn in as Governor and Commander-in-Chief. He said he was conscious of the serious problems that faced the Government and people of the island—problems which must and would be overcome by hard thinking and hard work.

19 *Sept.*—Parliament approved a vote of confidence in Dr Boffa by 24 votes to 7.

NETHERLANDS. 20 *Sept.*—*Indonesia.* Dr Hatta, the Indonesian Prime Minister, told a press conference that the steering committee of the round table conference had reached agreement on two points. Regular meetings would take place between Dutch and Indonesian Ministers after the establishment of the Union, whose decisions would have to be ratified by their respective Parliaments. Secondly, a court of arbitration would be set up, on which the Netherlands and Indonesia would be equally represented.

Devaluation. It was announced that the guilder had been devalued in line with sterling. The new rate was 3 guilders 80 cents to the dollar.

Budget. Professor Lieftinck, Finance Minister, told Parliament that total revenue for the coming year was estimated at about £330,930,840 and expenditure at about £313,084,000.

NEW ZEALAND. 18 *Sept.*—*Devaluation.* Mr Nash, the Finance Minister, said that the New Zealand pound would remain at parity with sterling (devalued from \$4·03 to \$2·80 to the pound).

NORTH ATLANTIC PACT. 18 *Sept.*—The North Atlantic Council held its first meeting in Washington, attended by the Foreign Ministers of each of the twelve signatory nations except Iceland, which was represented by its Ambassador to the U.S.A. A statement issued later said that the Council, which would be responsible for considering all matters concerning the implementation of the provisions of the treaty, and to which all subsidiary bodies would be subordinate, would normally meet annually at about the same time and in the same geographical area as the General Assembly. Other sessions could be called when thought desirable by a majority of members. The Council had agreed to a plan of defence machinery drawn up by a working group. This provided for: (1) A defence committee of representatives of all the treaty countries—normally their Ministers of Defence—to meet in ordinary session once a year and at other times if considered necessary; (2) a military committee, composed of military representatives of the twelve Powers, to meet in Washington to advise the defence committee; (3) a sub-committee of the military committee, to be known as the 'standing group', composed of one representative each of Britain, France, and the U.S.A., which would function continuously in Washington; (4) five regional planning groups (i) North European Region: Britain, Denmark, and Norway; (ii) West European Region: Brussels Treaty Powers; (iii) Southern European-Western Mediterranean Region: Britain, France, Italy; (iv) Canadian-U.S. Region; (v) North Atlantic Ocean Region: Belgium, Britain, Canada, Denmark, France, Iceland, the Netherlands, Norway, Portugal, and the U.S.A. The last group should establish a series of planning sub-groups related to the specific functions of defence. In order that the treaty should operate with as much flexibility as possible it had been decided that any group might invite another party to join in the planning of its group. The U.S.A. had accordingly agreed to take part in the North European group and both Canada and the U.S.A. to take part in the West European group, in which Denmark and Italy might also participate. The U.S.A. would also take part in the Southern European-Western Mediterranean group. There would be co-operation between the three European regional groups.

The importance of 'military production and supply' and of economic and financial factors was recognized. As soon as possible appropriate machinery would be established to consider these matters; meanwhile working groups would study the question of the organization of this machinery and make recommendations.

NORWAY. 13 *Sept.*—Meeting of northern Foreign Ministers (*see Denmark*).

18 *Sept.*—*Devaluation.* The kroner was devalued from Kr. 4·96278 to the dollar to Kr. 7·14286 to the dollar.

NORWAY (*continued*)

21 Sept.—Military mission in U.K. (*see Great Britain*).

PAKISTAN. 9 Sept.—*Kashmir*. The Government agreed to the proposal of the U.N. Commission that Admiral Chester Nimitz should arbitrate in the dispute with India.

20 Sept.—The Government decided not to devalue the rupee in relation to the U.S. dollar (thus remaining the only Commonwealth country not to follow the pound sterling).

PALESTINE. 8 Sept.—*Israel*. Loan from the Export-Import Bank (*see United States*).

12 Sept.—President Weizmann on holy places (*see Switzerland*).

13 Sept.—U.N. plan for Jerusalem (*see U.N. Palestine Conciliation Commission*). The Government issued a statement rejecting the plan as unacceptable.

16 Sept.—*Jerusalem*. Mr Sharett, the Israeli Foreign Minister, said in a statement that the U.N. plan for Jerusalem was unjust and impracticable. The idea of 'freezing' Jerusalem's population was fantastic and constituted a grave menace to the city's economic future.

17 Sept.—*Jerusalem*. A mass meeting of members of the Herut Party in Tel Aviv decided to resume terrorist activities against officials of the United Nations if the plan for Jerusalem was accepted or if attempts to impose it were made.

At a protest meeting against the proposed introduction of 'foreign rule' held by the Jewish municipal council in Jerusalem, hundreds of people declared their determination not to be severed from Israel.

18 Sept.—*Israel*. The pound was devalued from \$3 to \$2.80.

PARAGUAY. 10 Sept.—President Lopez resigned and was succeeded as interim President by Dr Chaves, Foreign Minister and President of the National Assembly.

PERSIA. 20 Sept.—Syrian Government recognized (*see Syria*).

POLAND. 8 Sept.—*Yugoslavia*. Warsaw radio broadcast a Note to Belgrade declaring that the Tito Government had 'trodden down and destroyed' the pact of friendship and mutual assistance signed on 18 March 1946. It accused a Yugoslav diplomatic representative in Poland, Mr Petrovic, of having organized espionage to obtain documents relating to Polish industry, railways, and economic relations with other countries.

13 Sept.—Yugoslav rejection of Note (*see Yugoslavia*).

PORTUGAL. 21 Sept.—*Devaluation*. The escudo was devalued to a rate of 28.75 to the dollar, compared with 24.95, and to a sterling rate of 80.50 compared with 100.50.

RUMANIA. 11 Sept.—It was learned that the Government had

decreed an overall reduction in prices and distribution costs in all the nationalized undertakings.

14 Sept.—Rejection of U.S. Note on violation of peace treaty (*see United States*).

16 Sept.—Agreement with Italy to close consulates (*see Italy*).

19 Sept.—British and U.S. Notes on treaty violation (*see Great Britain and United States*).

SOUTH AFRICA. 18 Sept.—*Devaluation*. The pound was devalued from \$4.03 to \$2.80 in line with the British change.

21 Sept.—U.S. loan refused because of conditions (*see United States*).

SPAIN. 18 Sept.—A joint statement was issued by Gen. Franco and King Abdullah of Jordan recording complete agreement on the subject of the world-wide Communist menace. King Abdullah's appreciation of Spain's policy in Morocco was mentioned.

SWEDEN. 13 Sept.—Meeting of northern Foreign Ministers (*see Denmark*).

14 Sept.—*Defence*. It was learned that Vice-Admiral Stroembaeck, Commander-in-Chief of the Navy, had announced that the fleet was to be strengthened in view of the 'serious risk of submarines and mines in the Baltic'. Parliament was to be asked for funds to build four new submarine chasers, and twenty more were planned for construction later. At least twelve more first-line destroyers were needed. Engineers were also working on a new type of directed torpedo.

19 Sept.—*Devaluation*. It was announced that the exchange rate had been changed to 5.18 kronor to the dollar, instead of 3.60 kronor. The krona-sterling rate would remain unchanged at 14.50 kronor to the pound.

SWITZERLAND. 11 Sept.—A constitutional motion 'to return to direct democracy' through the termination of certain war-time powers granted to the Government was approved in a national referendum by 12½ cantons against 9½, with a majority of 9,602 votes in a total poll of just over half a million. The motion had been opposed by the Government.

12 Sept.—*Jerusalem*. Dr Weizmann, President of Israel, speaking at Fribourg, declared that his Government was willing to guarantee free access to, and the safety and normal functioning of, all the holy places in Israel and in the Jewish Sector of Jerusalem, and would welcome direct international supervision.

SYRIA. 18 Sept.—The U.N. economic survey group for the Middle East arrived in Beirut.

20 Sept.—The new Government was recognized by Britain, the U.S.A., France, Belgium, and Persia.

TRANSJORDAN. 18 Sept.—Joint statement by King Abdullah and Gen. Franco (*see Spain*).

UNITED NATIONS

BALKANS COMMISSION

13 Sept.—A report on the violations of the Greek and Albanian frontiers during the recent Greek Army offensive in the Grammos and Vitsi areas showed, according to direct U.N. observation, that on at least one occasion—on 13–14 August—Albanian soldiers had taken up positions on Greek soil, delaying the Greek troops and allowing numerous rebels to escape into Albania. At Mount Kamenik, towards the end of the Grammos operations, the 'Albanian authorities placed their territory at the disposal of the Greek guerrillas and failed completely to control the border'. Frontier violations by the Greek Army were due to lack of local knowledge of the exact border line or 'are to be considered as acts justifiable in self-defence against unprecedented provocations from Albanian territory'.

21 Sept.—A supplementary report was published in which the General Assembly was advised to declare the Government of Albania 'primarily responsible for the threat to peace in the Balkans', and to call again on Albania and Bulgaria to cease aiding the Greek guerrillas. Concern was expressed at the increased help being given to the guerrillas by Rumania and other States not bordering on Greece.

EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

15 Sept.—Israel and Pakistan joined the organization, bringing total State membership to fifty.

19 Sept.—The fourth session of the General Conference opened in Paris.

FOOD AND AGRICULTURE ORGANIZATION

21 Sept.—The report of the committee of experts, set up to consider the problem of unsaleable surpluses of agricultural commodities, was published. Its main recommendation was the setting up of an International Commodity Clearing House.

GENERAL ASSEMBLY

20 Sept.—The fourth session opened at Lake Success. Gen. Carlos Romulo of the Philippines was elected president.

21 Sept.—Mr Acheson, the U.S. Secretary of State, made a statement of policy which included the following points: *Greece*. Outside help to the guerrillas must cease. He appealed to the U.S.S.R. to join in renewed consultations for a settlement of the whole problem. *Ex-Italian Colonies*. Plans for a united and independent Libya should be worked out to be ready for introduction in three or four years. The peoples of Eritrea should be enabled to join in political association with neighbouring States. Somaliland should be placed under trusteeship. *Korea*. The U.N. Commission should be maintained in Korea. *Palestine*. A plan should be adopted for a permanent international régime in Jerusalem and for the protection of the Holy Places. The States immediately concerned should accept their responsibilities towards the problem of Arab refugees. The Assembly should make provision for

the maintenance of these refugees until they were finally settled. *Undeveloped areas.* The U.S.A. would support the U.N. programme. *Balkans Peace Treaties.* The question whether Bulgaria, Hungary, and Rumania were under an obligation to carry out the peace treaties' procedure in respect of the human rights clauses should be submitted to the International Court of Justice. *Atomic Energy.* The U.S.A. would continue to strive for an effective system of international control but until Russia showed willingness to co-operate there could be no hope of reaching agreement. *Disarmament.* The U.S. Government would contribute to the 'necessary creation of conditions of confidence and, with their attainment, to play its full role in the regulation and reduction of armaments and armed forces'. A sense of insecurity had however been created in large areas of the world by a small group of nations, disregarding the obligations of the Charter. In order to meet this threat in Europe the U.S.A. had joined in the North Atlantic Treaty. This treaty was in full conformity with the Charter, but in the final analysis the security problems could be solved only through the United Nations.

INTERNATIONAL BANK AND MONETARY FUND

13 Sept.—The annual report of the International Monetary Fund for the year ended 30 April 1949, which was published at the opening meeting of the joint annual conference of the governors of the two institutions, stated that total gold production outside the U.S.S.R., which had fallen from a peak of nearly \$1,300 million in 1940 to less than \$750 million in 1945, had risen to about \$795 million in 1948. Suggestions for an increase in the dollar price of gold were deprecated, since this 'could have no positive effect in correcting the maldistribution of gold unless and until the present payments difficulties have been met'. The fund's holdings in gold had increased during the year from \$1,362,600,000 to \$1,439,300,000. Eighteen purchases and sales of foreign exchange with ten member countries had been transacted, to an aggregate value of \$119,500,000. Total operations for the year had resulted in an excess of expenditure over income of over \$2 million. Discussing means of solving the international payments problem, the report declared that creditor countries must maintain high levels of national income, reduce the barriers to trade, and facilitate the flow of international capital, while deficit countries must reduce their prices to a competitive level. Member countries were urged to make their currencies again fully convertible.

The report of the International Bank for Reconstruction and Development for the year ended 30 June 1949 showed that eight loans had been made to a total value of \$191,600,000. The operations for the year resulted in an excess of income over expenditure of about \$10,600,000. The special reserve fund had been increased by \$5 million to \$8 million.

Mr Eugene Black, president of the International Bank, addressing the conference said that it was essential that Europe should reduce export costs and make its exports to the dollar area more attractive. This should be achieved by measures including a readjustment of the exchange rates and the clearing away of the wilderness of bilateral arrangements,

U.N. INTERNATIONAL BANK AND MONETARY FUND (*continued*)

special currency restrictions, quotas, etc. which had grown up over the past twenty years. Government expenditure must be limited—too many countries had recently undertaken ambitious programmes of social welfare without adequate means to support them. The U.S.A. must take complementary measures by reducing tariffs and breaking down other import restrictions. M. Gutt, director of the International Monetary Fund, said that the efforts of some countries to keep their currencies at a fixed exchange rate might handicap their foreign trade.

Mr Havenga (South Africa) said that gold-producing countries were facing ruin owing to the controlled price of gold. He appealed to the Fund to allow members to sell half their newly-mined gold in the open market at prices above the fixed rate. This was opposed by Mr Snyder (U.S.A.) and the matter was referred to the Gold Committee.

14 Sept.—Mr Havenga withdrew his motion, reserving his right to assume absolute freedom of action over the Union's future policy regarding gold sales.

15 Sept.—The Gold Committee passed a compromise resolution proposed by Mr Snyder and seconded by Mr Havenga, according to which Mr Havenga's motion would be referred to the Executive Directors of the fund for study in the light of 'all relevant considerations'.

16 Sept.—A final joint session was held. Mr Snyder later told a press conference that he had 'no intention of making any change in the dollar value of gold'. Mr Black said the Bank would increase the volume of loans to member countries during the coming year. An increasing proportion would go to finance the development of backward areas, in harmony with Mr Truman's 'fourth point' programme.

18 Sept.—Currency devaluation (*see Great Britain, Australia, South Africa, New Zealand, India, Norway, Denmark, Israel, Eire, Ceylon*).

19 Sept.—Currency devaluation (*see Canada, France, Sweden, Finland, Iceland, Burma*).

20 Sept.—Currency devaluation (*see Netherlands, Greece*).

21 Sept.—Currency devaluation (*see Belgium, Portugal, Iraq*).

KOREAN COMMISSION

8 Sept.—The Commission's report, issued at Lake Success, said Korea faced a serious danger of a 'most barbarous civil war', since the prospects of uniting north and south were 'more and more remote'. The world-wide antagonism between Russia and the U.S.A. continued to be one of the basic factors underlying the existing difficulties.

PALESTINE CONCILIATION COMMISSION

13 Sept.—*Jerusalem*. A plan was issued proposing that Jerusalem should be placed under U.N. control. The area of Jerusalem was defined to include the town, together with the surrounding towns and villages extending to Shu'fat in the north, Bethlehem in the south, Abu Dis in the east, and El Karim in the west. The exact boundary lines would be determined on the spot by a mixed commission. The area would be divided into a Jewish and an Arab zone whose authorities

would be respectively responsible for all matters not reserved to the competence of the U.N. Commissioner and the organs to be set up. Neither Jews nor Arabs would be allowed to saction immigration into the area. The U.N. Commissioner would be appointed for five years by the General Assembly, to which he would be responsible, and would be assisted by a deputy. A general council would be set up, composed of seven Jews and seven Arabs, and presided over by the Commissioner. There would also be an international tribunal of three judges—neither Jews nor Arabs—to be elected by the General Assembly and the Security Council. The area would be permanently demilitarized and neutralized. The holy places and the routes giving immediate access to them would be under the exclusive control of the commissioner who would station guards for the maintenance of law and order.

SECURITY COUNCIL

13 Sept.—The Soviet delegate vetoed seven Argentine resolutions calling for the admission to U.N. membership of Ireland, Portugal, Finland, Italy, Austria, Jordan, and Ceylon.

15 Sept.—A Soviet resolution called for blanket approval to thirteen applications for membership—those proposed by Argentina, together with Albania, Bulgaria, Hungary, Rumania, Mongolia, and Nepal (whose application had been vetoed by the U.S.S.R. on 7 September). This was countered by a U.S. motion, which the Council approved, to vote on the thirteen applications separately.

UNITED STATES. 8 Sept.—*Yugoslavia*. The Export-Import Bank announced the opening of credits of \$20 million in favour of Yugoslavia for the purchase in the U.S.A. of essential materials, equipment, and services to be approved by the Bank. Twelve million dollars was to be available immediately for the rehabilitation of the mining industry.

Israel. The Bank also announced the opening of a credit of \$2,350,000 in favour of Israel for the purchase of material, etc. in the U.S.A. for the improvement of Israel's ports, particularly Haifa.

9 Sept.—*China*. The State Department announced that the Consulate-General at Hankow had been instructed to close, and that the Embassy staff in Nanking and the Consulate in Shanghai were being reduced by half.

Dollar Crisis. The Congress of Industrial Organizations and the American Federation of Labour both made statements in support of the British Government. Britain was not to blame for the dollar crisis, and a programme issued by the A.F.L. to help the Washington talks declared that a British economic collapse would be 'a catastrophe of limitless magnitude for the entire freedom-loving world'.

M.A.P. The Senate committees on Foreign Relations and Armed Services completed approval of the main features of the Bill for the Military Assistance programme. They voted by 19 to 3, to provide \$1,000 million for aid to the North Atlantic Pact countries, \$211,370,000 for Greece and Turkey, and \$27,640,000 for Iran, Korea, and the Philippines.

UNITED STATES (*continued*)

12 Sept.—*M.A.P.* By 20 votes to 3 the Senate committees gave formal approval to the programme. The total of \$1,314,010,000 included a fund of \$75 million to be used at the President's discretion for the 'general area' of China.

Statement on conclusion of financial talks (*see Washington Financial Talks*).

13 Sept.—*Foreign Policy.* Mr Acheson and Mr Bevin, assisted by their advisers, met to discuss 'matters of concern to their two countries particularly in the Far East and Middle East'.

14 Sept.—*Foreign Policy.* Mr Acheson and Mr Bevin met for a discussion on 'political developments in Europe, including the Balkans' and 'organizational problems connected with the North Atlantic Pact'.

Japan. Mr Acheson told a press conference that he and Mr Bevin were agreed on the urgency of a Japanese peace treaty. The preliminary conference on procedure, two years earlier, had been frustrated by the attitude of Russia, and he and the British Foreign Secretary were now seeking a new approach.

Balkan Peace Treaties. Mr Acheson also said that the Government had received replies to its Notes of 1 August from Bulgaria, Hungary, and Rumania declining to implement the machinery of the peace treaties over violations of human rights, insisting that they had not violated these clauses.

Italy. Mr Acheson received Count Sforza, the Italian Foreign Minister.

15 Sept.—*France.* Mr Acheson and Mr Snyder received M. Schuman, the French Foreign Minister, and M. Petsche, the Finance Minister. Mr Hoffman and Mr Harriman were also present. The French Ministers were informed that decisions reached during the financial talks with Britain and Canada would apply equally to France and the other Marshall Plan countries, particularly with regard to customs regulations, eligibility requirements within the limits set by the E.C.A., and the review of the U.S. stockpiling programme. The meeting gave special attention to the problem of the liberalization of European trade and payments.

Foreign Policy. Mr Acheson and Mr Bevin were joined in their discussions by M. Schuman. A statement issued later said that they had discussed Germany, and also the question of the Austrian treaty, reaffirming their desire to 're-establish the independence of Austria', co-ordinating 'their plans for the conclusion of a satisfactory treaty', and expressing their willingness that negotiations should be resumed by the deputies in New York on 22 September. They had also exchanged views on developments in Yugoslavia and the Balkans.

E.R.P. Mr Hoffman, speaking at Battle Creek, Michigan, said that overall production in western Europe was 15 per cent above pre-war levels—50 per cent above in Britain. Inflation was almost entirely under control, and a new political vitality was manifest. But Europe was still highly vulnerable. Productivity was too low, mainly as a result of insufficient machinery. While there were seven horse-power behind

every American worker there were only two and a half horse-power behind the European worker. Europe was faced with two main tasks—economic unification which by the creation of a single market of 27 million consumers would provide for European industry the advantage of large-scale low-cost production, and increased dollar earnings. The E.C.A. had told the participating nations to stop worrying about what America would do and to concentrate on giving her dramatic proof that they meant business.

E.C.A. Eligibility. The E.C.A. announced, after an exchange of letters between Mr Hoffman and Mr Brannan, the Secretary of Agriculture, that in order to alleviate the drain on British gold and dollar earnings it had been decided to allow Britain to buy Canadian wheat to the value of \$175 million from E.C.A. funds. The E.C.A. had also agreed to finance certain 'vessel disbursements' made by the U.K. in dollars, and was considering the possibility of making other non-agricultural commodities and services eligible for E.C.A. financing. This broader use of E.C.A. funds would not involve an increase in the amount of Marshall aid to Britain.

Reciprocal Trade Bill. The Senate passed the Bill by 62 votes to 19. (This measure, which had already been approved by the House of Representatives, renewed until 13 June 1951 the President's authority to adjust tariffs in exchange for trade concessions by other countries.)

Kashmir. President Truman received Pandit Nehru's reply to his recent letter on Kashmir.

16 Sept.—Sir Stafford Cripps left by air for London after telling reporters of his optimism as a result of the financial talks.

Allegations of U.S. espionage in Hungary (*see Hungary*). Mr Chapin and Col. Kovacs categorically denied the truth of Mr Rajk's charges.

18 Sept.—Soviet agreement to resumption of talks on Austrian treaty (*see U.S.S.R.*).

19 Sept.—Mr Hoffman said that the British decision to devalue was 'a bold and imaginative measure of far-reaching importance to E.R.P.' Devaluation however was not a cure-all for Europe's problems. Productivity must be increased and trade barriers reduced.

Balkans Peace Treaties. The Government sent further Notes of protest to Rumania, Hungary, and Bulgaria against breaches of their treaty violations.

Strikes. 480,000 members of the United Mineworkers' Union joined in an unofficial strike in protest against the suspension of welfare fund payments. Coal mining throughout the country was almost at a standstill.

M.A.P. The Senate debate on the programme was opened by Senator Conally.

20 Sept.—Syrian Government recognized (*see Syria*).

Atomic Energy. The combined policy committee (on atomic energy) of the U.S.A., Britain, and Canada met at the State Department for exploratory talks in accordance with President Truman's statement on 28 July.

21 Sept.—Mr Acheson's statement of policy (*see U.N. General Assembly*).

UNITED STATES (*continued*)

South Africa. Dr Havenga, the South African Finance Minister, said in an interview before leaving for England that his Government had refused the offer of a U.S. loan because of the conditions attached. Two of these were that South Africa should deposit gold to the equivalent value of the loan in the U.S.A. as a security, and that she should permit inspection and supervision of her internal affairs in regard to the spending of her money.

U.S.S.R. 9 Sept.—*Yugoslavia.* Marshal Bulganin's speech in Sofia (*see Bulgaria*).

13 Sept.—Accusations of interference in Yugoslav foreign policy (*see Yugoslavia*).

18 Sept. *Austrian Treaty.* Mr Gromyko, the acting Foreign Minister, received the British, French, and U.S. Ambassadors, who presented Notes to him amplifying the statement of their Foreign Ministers on 15 September in Washington. He agreed to their proposal for the resumption of the treaty talks by the deputies.

20 Sept.—Note to Italy on her membership of Atlantic Pact defence committees (*see Italy*).

WASHINGTON FINANCIAL TALKS. 8 Sept.—Four working groups were set up to consider: (1) commodities and stockpiling; (2) E.C.A. eligibility; (3) Customs procedure, and (4) American oversea investment.

9 Sept.—Sir Stafford Cripps, in a statement for the public, said: 'We cannot separate the political, defence, and economic aspects of what is a single problem . . . we must have a strong democracy, and we must be able to resist totalitarianism. To have a strong democracy we must have political understanding between free democratic nations. To have political understanding we must have a sound strategy for the defence of democracy. To have a sound strategy for defence we must have a firm and stable economic basis in all the countries concerned.' That sound basis could not depend upon the efforts of one country alone; it must be such that all parties to the political and defence understandings could make their contribution to the economic strength of the whole.

In Britain they had made good use of the generous aid received from America. Industrial production was at an all-time high, about 25 per cent above the immediate pre-war level, and productivity was rising steadily. The average working week was just over forty-five hours. The volume of exports in the first half of 1949 was 51 per cent greater than in 1938, and that of imports 15 per cent less, resulting in practically an overall balance of trade. Personal consumption had risen only 4 per cent in the past three years, because the extra output had been used partly to boost exports, and partly to support the largest capital investment programme in Britain's history. This programme was absolutely vital to the rehabilitation and the bringing up-to-date of their industries and national services, such as transport, electricity generation, etc.

Despite this progress the shortage of dollars was becoming worse, and the fact that the equilibrium established with the help of the Marshall Plan was not stable was made evident when 'it was seriously rocked by the economic happenings at the beginning of this year'. The causes of these were now known—the change to buyers' markets, the fall in dollar purchases in the sterling area, and the discussion about possible changes in the exchange rates. The answer to the paradox between progress at home and increasing external difficulties was that many of the latter were attributable to causes which had little or nothing to do with Britain's internal economy. Two world wars had thrown the whole mechanism of international exchange out of gear, and Britain suffered most severely because she was the most dependent on imports for her livelihood. The dollar crisis was not just a British crisis; it was a problem which had its roots in happenings over a long period and in many different corners of the world.

The sterling area had grown up during the past 100 years because it was of mutual convenience to Britain and many countries with complementary currencies. Thanks to the use of sterling as a common currency trade within the area could still be conducted on a multilateral basis and the area was the largest multilateral trading system in operation today. If equilibrium of trade could be established between the dollar and sterling areas a very great step would have been taken towards world multilateralism and convertibility of currencies, and their first task must be to establish a new trade equilibrium to replace the one destroyed in the two wars. This could not be done by adjusting their economies to the old trade pattern; what they needed was for the sterling area to have the greatest possible opportunity of earning the necessary income, and fair terms of trade upon which to exchange their goods with those of America and other countries.

12 Sept.—A statement issued at the end of the discussions said that it had been agreed that a fundamental attempt must be made to expand the dollar earnings of the sterling area and to increase the flow of investment from North America to the rest of the world, involving both 'separate actions of the three countries operating individually and joint action by the three operating in co-operation with each other'. A ten-point programme had been drawn up covering: (1) *Overseas investments*: The problem of increasing the flow of productive investment from North America, which would make an important contribution towards reducing the sterling-dollar equilibrium, would be explored on a continuing basis. (2) *Commodity arrangements and stockpiling*: The Canadian Government would take steps to increase reserve stocks of tin and rubber in Canada. The U.S. Government would open to natural rubber a substantial additional area of competition, including modification of the order relating to consumption of synthetic rubber, and would review its stockpiling programme with particular reference to rubber and tin. (3) *E.C.A. eligibility*: Britain would be allowed to finance with its share of E.C.A. funds a wider range of dollar expenditures than had hitherto been permitted both within and outside the U.S.A. (4) *Customs procedures*: The U.S.A. was already considering steps to modify its

WASHINGTON FINANCIAL TALKS (*continued*)

Customs procedures. The Canadian Government agreed to undertake a further review of the question. (5) *Tariff policy*: It had been noted that high tariffs were clearly inconsistent with the position of creditor countries. The U.S. Government, which had made substantial tariff reductions in the past fifteen years, would seek further negotiations of trade agreements, through which additional reductions might be made, within the framework of the Reciprocal Trade Agreements Act. (6) *Liberalization of European trade*: It had been agreed that the liberalization of U.K. import regulations from the provisions of section 9 of the Anglo-U.S. financial agreement and of Article 5 of the Anglo-Canadian financial agreement should be considered, and would be the subject of continuing review by representatives of the three Governments. (7) *Sterling balances*: This was a subject which concerned other countries and would require further study. (8) *Petroleum*: It had been agreed to appoint representatives to analyse the facts and to provide a basis for subsequent discussion. (9) *Shipping*: Another subject of which further study was required. (10) *Consultation*: The study of useful questions initiated at the conference would be continued under the direction of the existing Ministerial group. These arrangements for continuing consultations—supplementing the usual inter-Governmental channels of information—would be used to keep under review the effectiveness of actions already agreed upon and to prepare for Governmental consideration measures which would carry further the necessary adjustments.

The Ministers were satisfied that a real contribution to the solution of the financial difficulties had been made, and were confident that there was 'a prospect of reaching a satisfactory equilibrium between the sterling and dollar areas' by 1952.

YEMEN. 8 *Sept.*—*Aden*. Destruction of a Yemeni fort in the Aden Protectorate (*see Aden*).

YUGOSLAVIA. 8 *Sept.*—Opening of credit by Export-Import Bank (*see United States*). Polish Note about pact of 1946 (*see Poland*).

9 *Sept.*—Marshal Bulganin's speech (*see Bulgaria*).

10 *Sept.*—Allegations of Yugoslav conspiracy against Hungary (*see Hungary*).

11 *Sept.*—In a telegram to Marshal Tito on the occasion of Navy Day, Rear-Admiral Longarevich declared the Navy's hatred of all enemies of Socialism in Yugoslavia, 'whether they are headed by Churchill or Stalin'.

12 *Sept.*—Addressing shop-workers in Belgrade, Marshal Tito said that Socialism could only be achieved through the struggle and victory of each individual working class—not by bayonets. The Yugoslavs were doing everything to prove that the system adopted by the U.S.S.R. was 'the only correct social order'. They had taken all that was positive from the Russian revolution and avoided all that was negative. Differences that had arisen with Russia must be straightened out, but mean-

while there was no need for her to interfere in the internal affairs of a Socialist country.

13 Sept.—*Poland*. A Government spokesman said that the Warsaw Embassy had returned the Polish Government's note without comment because of its 'insulting tone' and 'fabrication'. A protest had also been made to the Poles against the proceedings being taken against Mr Petrovich.

An article in the official *Borba* by Mr Pijade, a member of the Communist Politburo and Vice-President of the Government, described as a 'monstrous' and 'dangerous' lie a current Cominform accusation that Yugoslavia was seeking to divide Albania between herself and Greece. The whole propaganda campaign was planned 'to serve the purpose of outside interference in the relations between Balkan States'.

Mr Bebler, deputy Foreign Minister, said in an article in *Communist*, the organ of the party's central committee, that the U.S.S.R. had once demanded that every step in Yugoslavia's foreign policy should have previous Soviet sanction. The Soviet Government had moreover taken steps in foreign policy 'which affected Yugoslavia not only without consulting the Yugoslav Government but even without notifying it'. An example of this was Soviet acceptance at the Foreign Ministers' Conference in Paris, in April 1946, of the French proposal for a demarcation line between Yugoslavia and Italy. No prior mention of the Soviet intention had been made to the Yugoslav delegation, then in Paris.

15 Sept.—*Hungary*. The Government issued a statement denouncing the forthcoming political trial in Hungary which was being 'staged' in order to attribute to Yugoslavia the very actions that the Cominform was planning against her—the overthrow of lawful Government and the country's political and economic subjugation. The indictment was described, in so far as it related to Yugoslavia, as the 'basest document in the entire history of international relations'. Far from plotting against Hungary since the war, Yugoslavia had been her 'greatest friend apart from the Soviet Union'. Mr Brankov, the Yugoslav defendant at the trial, was described as a provocateur, and former worker for Hungarian Fascist intelligence.

Copies of the banned newspaper *For a Socialist Yugoslavia*, organ of the Yugoslav Communist émigrés in Moscow, were distributed in letter boxes in a district of Belgrade. The leading article abused the Tito régime and called on the people to free the country from this 'Fascist prison and colony of Anglo-American imperialism'.

16 Sept.—*Allegations of Yugoslav espionage at Rajk trial (see Hungary on this and subsequent dates)*.

FORTHCOMING EVENTS

- Oct. — Meeting of Committee of Cultural Advisers of Brussels Treaty Powers, Luxembourg.
- „ — Conference of Socialist Union of Central-Eastern Europe, Paris.
- „ 5 Conference of Miners' International Federation, Amsterdam.
- „ 9 General Election, Austria.
- „ 17 African Regional Scientific Conference, Johannesburg.
- „ 20 Economic Commission for Asia and the Far East, Fifth Session, Singapore.
- „ 20 European Cultural Conference organized by the European Movement, Lausanne.
- „ 21 Council of the International Chamber of Commerce, Paris.
- „ 22 South Pacific Commission, fourth session, Noumea, New Caledonia.
- „ 23 General Election, Iceland.
- Nov. 9 General Election, Syria.
- „ 14 Council of F.A.O., seventh session, Washington (tentative).
- „ 15 Meeting of Executive Committee of World Federation of Trade Unions, Peking.
- „ 25 Islamic Economic Conference, Karachi.
- „ 28 Constituent Conference of new Trade Union International, London.
- Dec. 11 Referendum on the future of the French settlements in India.